



## Schools Forum

### **Report title: Dedicated Schools Grant 2020/21 – regular update**

**Date:** 15<sup>th</sup> October 2020

**Key decision:** No.

**Item number:** 7

### **Outline and recommendations**

*The purpose of this report is to update Schools Forum on the 2020/21 Dedicated Schools Grant position*

*Report is for information only.*

### **Timeline of engagement and decision-making**

No direct decisions are required from this report. The report refers to the forecast overspend position for 2020/21. An update elsewhere in this report provides further detail on the High Needs Mitigation Plan

## Summary

- 1.1 This report provides an update to the final 2019/20 DSG and updated 2020/21 DSG spend and projected outturn.

## Background

- 1.2 At the July schools forum meeting, a provisional DSG outturn position was provided recognising that the Early Years Block remained provisional until such time the January pupil census data has been confirmed.
- 1.3 The 2019/20 outturn noted in July was as provisionally noted as £110k overspend being £630k overspend on High Needs offset by Early Years underspend of £550k, thus representing a £110k overspend.

		2019-20 DSG allocations, after deductions for academies recoupment and direct funding of high needs places by ESFA				
		2019-20 schools block (£ million)	2019-20 central school services block allocation (£ million)	2019-20 high needs block allocation (£ million)	2019-20 early years block (£ million)	2019-20 total DSG allocation (£ million)
2019/20	Allocation	178.18	5.42	50.71	24.53	258.83
2019/20	Outturn	178.18	5.42	51.34	24.00	258.94
2019/20	Variance	0.00	0.00	0.63	-0.52	0.11

- 1.4 The 2020/21 DSG was noted as £264.281m

Dedicated schools grant (DSG): 2020 to 2021 allocations	2020 to 2021 DSG allocations, before recoupment and deductions for direct funding of high needs places by Education and Skills Funding Agency (ESFA)					2020 to 2021 DSG allocations, after deductions for academies recoupment and direct funding of high needs places by ESFA				
	Schools block (£s)	Central school services block (£s)	High needs block (£s)	Early years block (£s)	Total DSG allocation (£s)	Schools block (£s)	Central school services block allocation (£s)	High needs block allocation (£s)	Early years block (£s)	Total DSG allocation (£s)
209 Lewisham	212,134,697	4,644,629	55,711,526	24,865,107	297,355,959	179,669,435	4,644,629	55,102,692	24,865,107	264,281,863
					Initial Allocation	297,355,959				
				Adjustments	Recoupment	-32,465,262				
					Import export	-608,834				
					Revised Allocation	264,281,863				

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## Updated Position DSG 2019/20

- 1.5 2019/20 DSG has now been confirmed with a reduction of £547k in Early Years funding arising from the January pupil data. The reduction is shown as per table below.

Description	£
2 YEAR OLD ENTITLEMENT	-105,109
3 & 4 YEAR OLD ENTITLEMENT	-445,335
EARLY YEARS PUPIL PREMIUM	-584
3 & 4 YEAR OLD SUPPLEMENT	3,751
<b>Totals</b>	<b>547,277</b>

- 1.6 The final outturn position for 2019/20 is therefore an overspend of £657k. This will be the first call on this year's funding and is included in the overspend forecast on the 2020/21 DSG position.

## Updated Position DSG 2020/21

- 1.7 The Dedicated Schools Grant (DSG) for 2020/21 is now confirmed at £263.251m. This figure is after the DfE recoupment for Academy Schools and the adjustment for the inter-borough use of high needs places. This is an overall **reduction of £1.031m** to the previously advised figure. The majority of this reduction £0.951 relates to Early Years. This comes as a consequence of the pupil data clearance process relating to January 2020. In theory, the majority of this should be containable as that aspect relates to funding to providers for Early Years Provision. The reduction will have some impact on centrally managed aspect of this funding for example circa £50k supporting managed functions supporting Early Years provision. The table below shows the Early Years Block position.

Description	Original	July 2020	Difference	Hourly Rate 3 and 4 year old funding	Hourly Rate 2 year old funding
	£	£	£		
EY INCLUSION FUND	733277	703,074	-30,203	£ 0.155	£ 0.330
EYS: CONTINGENCY	306534	292,812	-13,722	£ 0.050	£ 0.250
2 YEAR OLD ENTITLEMENT	2925571	2,759,256	-166,315		£ 6.000
3 & 4 YEAR OLD ENTITLEMENT	1846355 4	17,784,342	-679,212	£ 5.000	
EARLY YEARS QUALITY AND SUFFICIENCY TEAM	1052423	1,013,707	-38,716	£ 0.285	
EY DISABILITY ACCESS FUND	89790	89,790	0		
EARLY YEARS PUPIL PREMIUM	76988	75,988	-1,000		
3 & 4 YEAR OLD SUPPLEMENT	441500	447,929	6,429		
EYS: DEPRIVATION	775469	746,942	-28,527	£ 0.210	
<b>Totals</b>	<b>2486510 6</b>	<b>23913840</b>	<b>-951,266</b>	<b>£ 5.700</b>	<b>£ 6.580</b>

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- 1.8 The allocation for the High Needs Block is £55m. The projection for 2020/21 suggests that it is anticipated to overspend by between £2.6m to £4m. The table below shows the increase in Education Health Care Plans (EHCP) of 45 pupils since April 2020. The majority of the new plans appear to be within the under 5s and Primary age cohort. Further detailed analysis is required over the Autumn period to capture any changes arising from the new academic year in particular the process of pupils transferring to Secondary schools or further education.

**Table 19 – Education Health Care Plans (EHCP) – First Quarter 2020/21**

Phase – EHCPs	Under 5s	Primary	Secondary	Post-secondary	Grand Total
2020/21 April	57	985	903	775	2720
2020/21 July	69	1010	910	776	2765
Increase on Baseline	12	25	7	1	45
Increase on Baseline %	21.1%	2.5%	0.8%	0.1%	1.7%

- 1.9 The service has been working on a mitigation plan from 2018/19 the outcomes of which are beginning to embed. However, there remains a concern that the demand coming through from pupil numbers and pricing is continuing to outweigh the benefits of the mitigation plan. Careful and considered monitoring of the position will need to continue throughout the year.
- 1.10 The funding for high needs is based on a baseline that was determined in 2012/13, which was prior to the changes established as part of the SEND reforms. The baseline was determined when the scope was from 5 to 19 years old. The local authority's liability now covers the 0 to 25 age range. Overall, the number of EHCPs is continuing to the increase, coupled with increases in the level of needs in cases and price for provision. The table below shows the increase in the number of EHCPs since 2017/18, updated since the last report for July data.

**Table 20 – EHCP since 2017/18**

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Phase – EHCPs	Under 5s	Primary	Secondary	Post-secondary	Grand Total
FY17/18 Used As Base Line	42	831	769	537	2,179
FY18/19	24	889	821	626	2,360
FY19/20	37	929	887	774	2,627
FY20/21 current	69	1,010	910	776	2,765
Increase on Baseline Numbers	27	179	141	239	586
Increase on Baseline %	64.3%	21.5%	18.3%	44.5%	26.9%

1.11 The element for the early years block is provisionally set at £23.9m for 2020/21. The early years funding remains provisional as it is based on January 2020 and January 2021 pupil census data. Demand on the service remains uncertain in light of the COVID pandemic. DfE position remains that providers are funded in line with anticipated take-up.

1.12 The central services block is anticipated to remain within budget, despite the reduction in funding of £775k. Reduction in funding has been managed this year by reducing the contribution to the pensions and early retirement contribution fund. At present we are advised by the Actuaries that this is not required for 2020/21. This funding could however be required in future years and therefore will result in a funding pressure. Also the former Education Services Grant funding is applied to the cut and will have consequences in our ability to provide strategic support.

### Financial implications

1.13 The report identifies the main areas of reduction in funding and the consequential impact on services supported by the DSG.

1.14 Elsewhere on this agenda is a detailed update on the High Needs Block

### Legal implications

1. 15 There are no specific legal implications arising at this stage. It is to be noted that local authorities are obliged to publish annually a statement setting out details of its planned schools budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools and after each financial year to publish a statement showing outturn expenditure.

### Equalities implications

1.16 There are no direct equalities impacts arising.

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### **Climate change and environmental implications**

1.17 Not applicable

### **Crime and disorder implications**

1.18 Not applicable

### **Health and wellbeing implications**

1.19 Not applicable

### **Report author and contact**

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